

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6511**

**BILL NUMBER:** SB 104

**NOTE PREPARED:** Dec 12, 2005

**BILL AMENDED:**

**SUBJECT:** Gary Professional Sports Development Area.

**FIRST AUTHOR:** Sen. Rogers

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill authorizes the City of Gary to establish a Professional Sports and Convention Development Area (Area), or to modify that Area, before July 1, 2007. (Current law prohibits the establishment of new Areas or modification of existing Areas.) It provides that the Area must be located in a redevelopment area established by the city. It also exempts an Area established by the city from review by the Budget Committee and approval by the Budget Agency and makes technical corrections.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The bill makes the following changes to current statute relating to the establishment of a Professional Sports and Convention Development Area (PSCDA) in the City of Gary.

- (1) The bill extends the deadline for Gary to establish a PSCDA from January 1, 2005, to July 1, 2007.
- (2) The bill prohibits the establishment of any other PSCDA within Lake County. No PSCDA currently exists within Lake County and the deadline for second class cities to establish a PSCDA under current statute was January 1, 2005.
- (3) The bill also exempts the Gary PSCDA from review by the State Budget Committee and approval by the State Budget Agency before state and local taxes attributable to the facilities in the PSCDA are diverted to a special fund for the PSCDA. Under current statute, once a local unit adopts a resolution to establish a PSCDA,

the resolution must be submitted to the State Budget Committee for its review and recommendation to the State Budget Agency. Subsequent to Budget Committee review, the resolution must be approved by the State Budget Agency before the PSCDA can capture state and local taxes. Current statute unchanged by the bill allows a PSCDA to capture revenue from the Sales Tax and Individual Adjusted Gross Income Tax, but would limit the annual amount captured from these taxes to \$5 per resident Gary. Any collections in excess of the capture limit would be realized by the state as normal collections. Based on Census 2000 population totals, the annual capture limit for Gary is \$513,730.

*Background:* A Professional Sports and Convention Development Tax Area (PSCDA) is a special zone in which certain state and local tax revenues attributable to the PSCDA are diverted and deposited into a special fund. The special fund is dedicated to capital improvements in the PSCDA. Currently, PSCDAs are operated by Marion County, Allen County, Evansville, Huntingburg, and South Bend. The deadline for first establishing a PSCDA in second class cities and the City of Marion was January 1, 2005.

A PSCDA may include only facilities owned by a city, a county, a school corporation, a local capital improvement board, a county building authority, a civic center's board of directors in South Bend and Mishawaka, or the Building Authority in Gary. In addition, a PSCDA must contain a professional sports facility, except for PSCDAs located in Allen County or Gary. A PSCDA also may include: (1) a facility used principally for convention or tourism related events serving national or regional markets; (2) an airport; (3) a museum; (4) a zoo; (5) a facility used for public attractions of national significance; (6) a performing arts venue; or a county courthouse registered on the National Register of Historic Places.

The state taxes that may be captured by PSCDAs are the Sales Tax and the Individual AGI Tax. Except in Marion County, PSCDAs may capture an amount up to \$5 for each resident of the establishing unit. Revenue from the AGI Tax on individuals is deposited in the state General Fund (86%) and the Property Tax Replacement Fund (14%). Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

#### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Current statute unchanged by the bill allows a PSCDA to capture revenue from the County Option Income Tax (COIT) and (except in Allen County) the Food and Beverage Tax. There is no capture limit applicable to these local taxes. Currently, Lake County does not impose either COIT or Food and Beverage Tax. It is important to note that Lake County is authorized to impose a 1% Food and Beverage Tax to be paid in its entirety to the N. W. Indiana Regional Development Authority.

#### **State Agencies Affected:**

**Local Agencies Affected:** City of Gary.

**Information Sources:** *Census 2000*, U. S. Bureau of Census. Bob Walls, Department of State Revenue, (317) 232-2104.

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